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August 5, 2003

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EX PARTE NOTICE

Electronic Filing

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: ALLTEL Communications Inc., Petitions for Designation as an Eligible
Telecommunications Carrier in the States of Virginia and Alabama
CC Docket No. 96-45, DA Nos. 03-1881, 03-1882

Dear Ms. Dortch:

On August 4, 2003, on behalf of ALLTEL Communications, Inc. (ALLTEL), Glenn S. Rabin, Vice President, Federal Communications Counsel for ALLTEL and Jennifer L. Kostyu and the undersigned, also representing ALLTEL, met with Paul Garnett and Shannon Lipp of the Telecommunications Access Policy Division of the Wireline Competition Bureau to discuss ALLTEL's petitions for designation as an eligible telecommunications carrier ("ETC") in Virginia and Alabama.

The ALLTEL representatives discussed why ALLTEL's petitions should be granted and answered questions from the Commission staff concerning the petitions. The ALLTEL representatives also discussed arguments that were raised in reply comments opposing ALLTEL's petitions. The views expressed by the ALLTEL representatives during the meeting tracked the positions set forth in ALLTEL's filings in these proceedings. The attached outline also was distributed to Commission staff.

In accordance with Section 1.1206 of the Commission's rules, this letter and attachment are being filed with your office for inclusion in the public record of the above referenced proceedings.

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If you have any questions regarding this *ex parte* notice, please contact the undersigned.

Yours truly,

/s/ Frank W. Krogh

Frank W. Krogh
Counsel for ALLTEL Communications, Inc.

cc: Paul Garnett
Shannon Lipp

ALLTEL PETITIONS FOR ETC STATUS IN ALABAMA AND VIRGINIA

- ALLTEL's ETC petitions are fully consistent with FCC precedent and present no new policy or public interest issues that should otherwise delay expeditious approval. ALLTEL remains a regional carrier, and OPASTCO's mischaracterization of ALLTEL as "national" carrier should be ignored. The opponents' stay requests are procedurally defective and a delaying tactic that has been repeatedly rejected in previous ETC proceedings. Oppositions, which include untimely oppositions filed as Reply Comments, fail to rebut Section 214(e)(1) or public interest showings in petitions.
- ALLTEL's designation as an ETC in Alabama and Virginia will benefit the public interest through the introduction of competition, larger local calling areas, a variety of calling plans and health and safety benefits of wireless services in rural areas.
 - ILECs' public interest arguments distort the express purposes of the 1996 Act with regard to USF support. Such support is not to be the sole province of the ILECs, but rather is intended to provide an "evolving" level of service and facilitate both consumer choice and competition among carriers.
 - The Alabama LECs trumpet the theme of harmful growth of the high-cost fund, but these very same LECs have vigorously advocated significant increases in the high cost funding received by ILECs. Wireless ETCs do not draw a significant portion of the high cost fund. ILECs are projected to receive 30 times the high-cost support projected for wireless ETCs in 2003.
 - Opponents' position undermines the competitive implications of wireless LNP. Once intermodal ports are possible, a wireless carrier will be positioned to actually capture the high cost line from an ILEC. Consequently, the wireless carrier should receive ETC status in order to draw the high cost support associated with the captured high cost line. Inasmuch as the ROR ILEC currently does not lose support when the line is captured, the issue is simply whether the support will be available to the wireless carrier through ETC designation.
 - The FCC cannot stay consideration of ALLTEL's ETC petitions while the Joint Board reviews issues of general future applicability outside the scope of the instant proceedings (*RCC, Cellular South*). A stay would violate the FCC's obligation to assure comparable treatment to similarly situated parties. Some wireless competitors of ALLTEL have already received ETC status and are receiving high cost funds, thereby placing ALLTEL at a competitive disadvantage.
 - A stay would abrogate FCC's informal commitment to resolve ETC petitions within six months and harm consumers by hindering the development of competition and availability of services in high-cost, rural areas.
 - No basis to conclude now that ALLTEL would be denied ETC status under criteria ultimately established in the Joint Board's review. In any event, any changes adopted by the FCC/Joint Board will be applied to ALLTEL and all other ETCs at that time. Granting ETC status now is consistent with current rules and existing ETC certifications of other wireless ETCs.

- ALLTEL's request for ETC status in Virginia is consistent with precedent and makes all necessary showings under Section 214(e).
 - No party challenges any element of ALLTEL's Section 214(e)(1) showing. ETC status for carrier serving non-rural area is per se in the public interest where the carrier demonstrates it meets Section 214(e)(1) requirements (*Cellco, Corr*).
 - No opposition to rural aspects of ALLTEL's Virginia petition in initial comments. Other oppositions to rural aspects of petition in Reply Comments were untimely and should not be considered.
 - Va. Rural LECs and OPASTCO present no specific challenge to any element of ALLTEL's Section 214(e)(1) showing and fail to rebut ALLTEL's public interest showing.
 - Va. Rural LECs' claim that ICLS is threatened ignores that *MAG Order* explicitly contemplated that ICLS would be available to ETCs to the same extent as other USF high-cost support.
 - Verizon's claim that the interstate access support (IAS) fund will be in jeopardy by granting ALLTEL's petition is untrue and self-serving. The *CALLS Order* explicitly contemplated that wireless ETCs serving price cap areas would be eligible for IAS. Furthermore, the FCC properly has never denied an ETC petition of a wireless carrier serving a price cap area for this reason. *See, e.g., Cellco*.
- ALLTEL's request for ETC status in Alabama is consistent with precedent and makes all necessary showings under Section 214(e).
 - ALLTEL has committed to provide and advertise the availability of all services supported by the universal service mechanism.
 - The FCC has previously concluded that such a commitment satisfies Section 214 of the Act and that a carrier does not need to actually provide these services prior to becoming an ETC. (*RCC, Cellular South*)
 - The FCC applies its standards for designating ETCs in a technologically neutral way; the standard for granting ETC status to wireline carriers used by the Alabama PSC is irrelevant, and Alabama PSC agrees that a carrier need not provide service throughout service area prior to ETC designation.
 - The public interest will benefit from ALLTEL's designation as an ETC through increased competition and in other ways mentioned above (*RCC, Cellular South*).
 - Contrary to Alabama LECs' assertions, designating ALLTEL as an ETC will not harm consumers. The Bureau previously rejected the arguments of and population density data provided by the Alabama LECs (*RCC, Cellular South*).

- The mobility of wireless telephones benefits consumers by providing novel alternatives and competition, rather than, as the Alabama LECs contend, undermining the USF. The FCC has granted previous ETC petitions for Alabama notwithstanding this argument (*RCC, Cellular South*).
- Designating ALLTEL as an ETC will not result in rural cream skimming.
 - ALLTEL is not “picking and choosing” which areas to serve; it has committed to providing service throughout its licensed area. Furthermore, the affected ILECs can file disaggregation plans to target per-line support below the study area level. Accordingly, and consistent with FCC precedent, there is no incentive or opportunity for ALLTEL to intentionally cream skim. (*RCC, Cellular South*)
 - Facts also show that designating ALLTEL as an ETC will not result in inadvertent cream skimming. The majority of ALLTEL’s service area is in high-cost areas; ALLTEL is not attempting to serve only the high-density, low-cost portions of the affected areas to the exclusion of high-cost areas. Moreover, for those ILEC service areas that ALLTEL will be only partially serving, Exh. A to ALLTEL’s Reply Comments shows that the portions ALLTEL will be serving are generally no more densely populated than the portions lying outside ALLTEL’s proposed service area, and all but one of those ILECs have filed disaggregation and targeting plans, further limiting any opportunities to cream skim. (*RCC, Cellular South*)
 - ALLTEL’s request to redefine the study areas that it will be partially serving on a wire center by wire center basis will minimize the opportunity and incentive to cream skim. Redefining the study areas will not harm the affected ILECs and is consistent with FCC precedent. (*RCC, Cellular South*)
- CenturyTel and OPASTCO largely echo Alabama LECs’ arguments and Verizon’s *CALLS*-related arguments.
 - What CenturyTel calls “bleeding” of *CALLS* IAS is, as Sprint explains, precisely what is supposed to happen as a result of competition under post-*CALLS* price cap regulation. *CALLS* provided same IAS for ETCs as for ILECs, irrespective of costs, as competitive incentive.
 - Claim that ALLTEL will receive “double” support as an ILEC and an ETC ignores that ALLTEL also contributes to USF support, and the same objection could be made against Verizon Wireless’ ETC designation in Delaware or any other wireless ETC with a wireline affiliate in the same study area.
 - Criteria applied by Utah PSC in denying Western Wireless ETC status in rural areas that are currently served by ILECs not binding on FCC. PSC found public interest not served partly because Western Wireless already served area for which ETC designation sought.